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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

May 17, 2007

Mr. Loy Crapo
350 E 300 S
PO Box 1113
Delta, Utah 84624

Subject: Deficient Reclamation Surety and Reclamation Contract, The Bug House, Fossil Lease 26068-A, S/027/012, Juab County, Utah

Dear Mr. Crapo:

On 04/10/2007, the Director of the Division of Oil, Gas and Mining signed the reclamation contract for the Fossil Lease 26068-A Project Notice of Intention to Conduct Mining, file number S/027/012. A copy of the executed reclamation contract/surety is enclosed for your records. This action has made it possible for your existing reclamation surety to be in place with the Division, however you should note that there are deficiencies either in your Notice of Intent or in your surety/bond amount that need to be rectified.

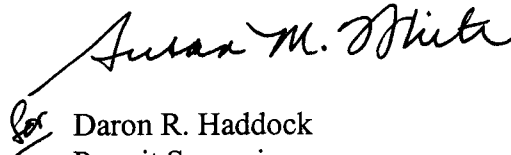
Right now the amount of surety/bond that is currently posted does not correspond with the information in your NOI. Based on the information in the NOI the Division has determined that you must post a surety in the amount of \$20,700 for five acres you have permitted.

If your Notice of Intent is not specific as to the area planned for disturbance, you may wish to amend the notice to more accurately reflect your plans. At such time as we receive and review an amended NOI we will determine an appropriate reclamation cost based on the new information and notify you of any changes needed to your surety/bond. If you choose not to amend your NOI we will expect the above stated amount to be filed with the Division within 30 days.

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If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Tom Munson at 538-5321. Thank you for your help in completing this very important regulatory requirement.

Sincerely,


for Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:pb
Enclosure: Copy of reclamation contract/surety
cc: Beth Ericksen
willstokes@utah.gov
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